Company was made before the grant of the loans by the Government officers, and if so, by whom and on how many occasions ;

(b) if so, what was the basis and amount of the valuation made ; and

(c) to place the Company's application for loan as also the whole file on the Table ?

Mr. V. K. Aravindaksha Menon.—(a) Yes ; by the Diwan Peishkar and the Chief Engineer once before the grant of the loan.

(b) The valuation was made on the basis of actual cost less depreciation, the building and machinery being valued at Rs. 7.09 lakhs.

(c) Government regret they cannot do this.

Mr. C. Barton Wright.—May I know whether the Chief Engineer had the assistance of a textile expert in making the valuation of the machinery?

Mr. V. K. Aravindaksha Menon.— In arriving at the cost of the machinery, we have been guided principally by the invoices of different firms, and we made a suitable reduction. We had no textile expert at the time of finding the cost of the machinery.

Mr. C. Barton Wright.—What is the depreciation you allow now?

Mr. V. K. Aravindaksha Menon.— I cannot at present say, I think.

Mr. C. Barton Wright.—That was running for 16 or 18 years.

Mr. V. K. Aravindaksha Menon.— At the time when I valued it, it was about 4 years ago, and then I gave a depreciation of about 10 per cent for every year.

President.—You have got permission to sit and speak, Mr. Barton Wright.

360. **Mr. C. Barton Wright.**—Will the Government be pleased to state:—

(a) whether the Government ordered any enquiry into the real value of the assets of the Company, and its financial position when extensions were granted for the repayment of the loan ;

(b) whether the Government is aware that the actual value of the Plant and Machinery given as security has depreciated since the date of the payment of the loan, and has provision been made for any such depreciations ;

(c) whether they are aware that it is insufficient for the amount due from the Company, especially in view of the accumulation of the balance of unpaid interest ; and

(d) whether they are not aware of the fact that no depreciation or Reserve Fund has been allowed by the Company ?

Mr. K. Krishna Pisharodi.—(a) Yes.

LIBRARY ARCHIVES Kerala Legislative Assembly

(b) Yes.

(c) There is nothing outstanding in the shape of interest, and Government do not consider the security insufficient in view of the valuation made by the Chief Engineer.

(d) They are not aware.

Mr. C. Barton Wright.—Was the position satisfactory?

Mr. V. K. Aravindaksha Menon.—After my valuation no loan was granted.

Mr. C. Barton Wright.—Was the position satisfactory when they were made?

President.—Was there a real inquiry when we granted extensions? When they were not able to pay the amount on the prescribed instalments, they asked for extension of time and it was granted.

Mr. C. Barton Wright.—An amount of 3 lakhs remains unpaid.

President.— At the time of application, extension was granted.

Mr. C. Barton Wright.—Was the financial position inquired into when extension was granted, and with what result?

Mr. U. Kandar Menon.— Even after the grant of the loan, the Chief Engineer examined the position of the Company.

President.—They asked for a second loan.

Mr. U. Kandar Menon.—Even after the grant of the loan there was an inspection by the Chief Engineer in connection with another application. There was no grant of the loan.

President.—The question asked is whether there was an inquiry when extension was granted for the return of the loan?

Mr. U. Kandar Menon.—There was no special officer deputed to inquire into the matter, but inquiries were made in connection with the application for the second grant.

President.—It means this. There was no inquiry conducted by the Government when extensions were granted for the return of the loan. Special inquiries were made in connection with the subsequent application for a fresh loan. That is how the matter stands.

Mr. C. Barton Wright.—Was the position considered satisfactory?

Mr. U. Kandar Menon.—Yes, from the report of the officer deputed to make inquiries.

Mr. C. Barton Wright.—Was the financial position satisfactory?

Mr. U. Kandar Menon.—Satisfactory as disclosed from the report of the officer deputed for the purpose.

President.—They even recommended the grant of a second loan.

LIBRARY ARCHIVES Kerala Legislative Assembly

Mr. C. Barton Wright.—Then with regard to (d), ought not this matter be inquired into? Could not they make themselves acquainted with the fact?

Mr. U. Kandar Menon.—We shall make inquiries.

Mr. C. Barton Wright.—Have I the assurance of the Government that they will make inquiries?

Mr. U. Kandar Menon.—Yes, we shall do it.

361. Mr. C. Barton Wright.—Will the Government be pleased to state, that in pursuance of the assurance given by the Financial Member at the last Budget Session of the Council, (vide Council Proceedings, Vol. I, part 5, pages 297—305), whether any enquiry has been made to ascertain the present actual assets and liabilities of the Sitaram Mills furnished as security for the Government loan; and if so, what is the nature and result of the enquiry;

(b) to place on the Table the whole correspondence that has passed between the Government and the Mills since then?

Mr. K. Krishna Pisharodi.—(a) The matter is still under enquiry.

(b) This cannot be done at this stage.

Mr. C. Barton Wright.—May I ask when the result of the inquiry is likely to be disclosed?

President.—I think the Diwan Peishkar and the Comptroller of Accounts were instructed to inspect the Company and make a report.

Mr. V. K. Aravindaksha Menon.—We are doing it.

President.—How long will it take to submit a report?

Mr. U. Kandar Menon.—A reasonable time.

Mr. V. K. Aravindaksha Menon.—Within a month or two.

362. Mr. C. Barton Wright.—Will the Government be pleased to state whether their security is fully secured against risks of fire?

Mr. V. K. Aravindaksha Menon.—At the time of the last valuation the Company had insured for Rs. 5,55,000 against such risks. The matter is further being enquired into.

Mr. C. Barton Wright.—Has the Finance Member looked into this matter?

Mr. U. Kandar Menon.—I have looked into the matter. The present insurance is for about Rs. 8,60,000. I have received a letter that they have an idea of insuring for another 3 lakhs which will make a total of Rs. 11,60,000.

Mr. C. Barton Wright.—Did the Government look into the value of the concern and the value insured for?

Mr. U. Kandar Menon.—That is a new question.

LIBRARY ARCHIVES Kerala Legislative Assembly